

BGWSF
8.3

200312120331
Page: 1 of 5
12/12/2003 04:11P
Kitsap Co., WA

RETURN TO:

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP
3812 EAST MCGILVERA ST
SEATTLE, WA 98112

STATUTORY WARRANTY DEED

42070944

Reference # (if applicable)

Grantor(s):

Additional on Page:

Grantee(s):

Additional on Page:

Abbreviated Legal Description:

Additional on Page:

Assessor's Tax Parcel ID#

8054-000-000-0206, 3711-000-010-0002
additional on attached schedule

THE GRANTOR DOUGLAS FAULDS and DONNA ERNST, Husband and wife

for and in consideration of TEN DOLLARS AND OTHER VALUABLE CONSIDERATION AND AS PART OF
AN IRC SECTION 1031 TAX DEFERRED EXCHANGE

In hand paid, conveys and warrants to SEVEN JS INVESTMENTS LIMITED PARTNERSHIP, a
Washington limited partnership

State of Washington:

the following described real estate, situated in the County of KITSAP
SEE EXHIBIT "A" ATTACHED HERETO AND A PART HEREOF
SUBJECT TO: SEE EXHIBIT "B" ATTACHED HERETO.

NOTE: A SEPARATE NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE WITH THE STATE
OF WASHINGTON, DEPARTMENT OF NATURAL RESOURCES, WILL BE FILED AS TO PARCEL A.

KITSAP COUNTY TREASURER EXCISE

12/12/2003

2003EX11628

Total : \$18999.72

Clerk's Initial *DB*

Dated: December 10, 2003

[Signature]
DOUGLAS FAULDS

[Signature]
DONNA ERNST

USEPA SF
1359943

NOTARY PAGE

STATE OF WASHINGTON }
 } ss.
County of KING }

I hereby certify that I know or have satisfactory evidence that DOUGLAS FAULDS AND DONNA ERNST

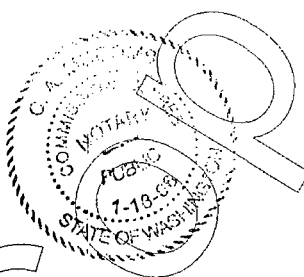
is the person(s) who appeared before me, and said person(s) acknowledged that (he, she, they) signed this instrument and acknowledged it to be (his, her, their) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: December 11 2003

Came Comb
Notary Public in and for the State of Washington

C.A. McComb
Printed Name

Residing at Bainbridge Island
My appointment expires 1-18-2006



STATE OF WASHINGTON }
 } ss.
County of _____ }

I hereby certify that I know or have satisfactory evidence that _____

is the person(s) who appeared before me, and said person(s) acknowledged that (he, she, they) signed this instrument, on oath stated that _____
authorized to execute the instrument and acknowledge it as the _____
of _____ to be the free and voluntary
act of such party for the uses and purposes mentioned in this instrument.

Dated: _____

Notary Public in and for the State of Washington

Printed Name _____
Residing at _____
My appointment expires _____

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Kitsap Co, WA
DEED \$23.00
PACIFIC NW TITLE

EXHIBIT "A"

PARCEL A:

LEASE HOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND APARTMENTS OR MOORAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION. GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEFEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.

... END OF EXHIBIT "A" ...

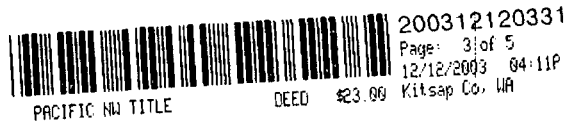


EXHIBIT "B"

1. EASEMENT FOR MAINTENANCE OPERATION OF PRESENT WATER MAIN THROUGH AND OVER SAID PREMISES AS AT PRESENT ESTABLISHED AND SUBJECT FURTHER TO AN EASEMENT OVER ANY ROAD CONSTRUCTED ON SAID PREMISES TO THE WATERFRONT WITHOUT CHARGE, AS CREATED BY INSTRUMENT DATED FEBRUARY 5, 1956, RECORDED MAY 20, 1946, UNDER AUDITOR'S FILE NO. 427818
2. ACCESS AND PARKING EASEMENT RECORDED NOVEMBER 13, 1983, UNDER AUDITOR'S FILE NO. 8111130031
3. EASEMENT FOR UNDERGROUND ELECTRIC DISTRIBUTION SYSTEM AFFECTING PARCEL B, RECORDING NO. 8309260037
4. DECLARATION OF PUBLIC PEDESTRIAN ACCESS EASEMENT UNDER AUDITOR'S FILE NOS 8312020186 AND 8312290198
5. AGREEMENT BETWEEN CITY OF BREMERTON AND PORT WASHINGTON PROPERTIES, INC, RECORDING NO. 8312220078
6. EASEMENT TO LAY, OPERATE AND MAINTAIN WATER UTILITIES IN FAVOR OF CITY OF BREMERTON, RECORDING NO. 8312220079
7. EASEMENT SET FORTH ON SURVEY RECORDED UNDER AUDITOR'S NO. 8406150188
8. RESTRICTIONS CONTAINED IN CITY OF BREMERTON ORDINANCE NO. 3682, RECORDED UNDER AUDITOR'S NO. 8203220039 AND 8304050072
9. COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS IN DECLARATION OF RESTRICTIONS, RECORDING NO. 8312290195, 8312290196, 8312290197
10. CONDOMINIUM DECLARATION AND AMENDMENTS, RECORDING NO. 8312290200
11. ANY QUESTION THAT MAY ARISE AS TO LOCATION OF LATERAL BOUNDARIES OF THE TIDELANDS OR SHORELANDS DESCRIBED THEREIN
12. ANY PROHIBITION OF OR LIMITATION OF USE, OCCUPANCY OR IMPROVEMENT OF THE LAND RESULTING FROM RIGHTS OF THE PUBLIC OR RIPARIAN OWNERS TO USE ANY PORTION WHICH IS NOW OR HAS BEEN FORMERLY COVERED BY WATER
13. ANY CLAIM OF RIGHT, TITLE OR INTEREST WHICH MAY BE ASSERTED BY THE STATE OF WASHINGTON OR THE PUBLIC TO THE BEACHES OR ACCRETIONS TO THE UPLANDS
14. PARAMOUNT RIGHTS AND EASEMENTS IN FAVOR OF THE UNITED STATES FOR COMMERCE, NAVIGATION, FISHERIES AND THE PRODUCTION OF POWER AFFECTING TIDELANDS
15. ANY LIEN OR LIENS THAT MAY ARISE OR BE CREATED IN CONSEQUENCE OF OR PURSUANT TO AN ACT OF THE LEGISLATURE OF THE STATE OF WASHINGTON RE NAVIGABLE WATERWAYS APPROVED MARCH 9, 1983
16. EASEMENT IN FAVOR OF TCI CABLEVISION OF WASHINGTON INC, RECORDING NO. 200304080213
17. TERMS, CONDITIONS OF AQUATIC LANDS LEASE NO. 22-002332 WITH STATE OF WASHINGTON AS LESSOR AND PORT WASHINGTON MARINA CONDOMINIUM OWNERS ASSOCIATION AS LESSEE RECORDED UNDER RECORDING NO. 9307300429, WHICH GRANTOR ASSIGNS ALL RIGHT, TITLE AND INTEREST IN AND TO SUBJECT TO TERMS AND CONDITIONS OF NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE TO BE FILED SUBSEQUENT TO THE FILING OF THIS CONVEYANCE ASSIGNMENT



PACIFIC NW TITLE
DEED \$23.00
Kitsap Co. WA
200312120331
Page 5 of 5
12/12/2003 04:11P

Assessor's Tax Parcel ID#: 8054-000-000-0206; 8054-000-001-0007; 8054-000-002-0006;
8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002
8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006
8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002
8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008
8054-000-019-0007; 8054-000-020-0004; 8054-000-021-0003; 8054-000-022-0002
8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008
8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002
8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008
8054-000-035-0007; 8054-000-036-0006; 8054-000-037-0005; 8054-000-038-0004
8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008
8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-046-0004
8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007
8054-000-051-0006; 8054-000-052-0005; 8054-000-053-0004; 8054-000-054-0003
8054-000-055-0002; 8054-000-056-0001; 8054-000-057-0000; 8054-000-058-0009
8054-000-059-0008; 8054-000-060-0005; 8054-000-061-0004; 8054-000-062-0003
8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009
8054-000-067-0008; 8054-000-068-0007; 8054-000-069-0006; 8054-000-070-0003
8054-000-071-0002; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009
8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006; 8054-000-078-0005
8054-000-079-0004; 8054-000-080-0001; and 3711-000-010-0002

RETURN ADDRESS:
Frontier Bank
Silverdale
10705 Silverdale Way NW
PO Box 3075
Silverdale, WA 98383



PACIFIC NW TITLE

DT

\$31.00

200312120332
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Kitsap Co, WA

32072944

DEED OF TRUST

DATE: December 11, 2003

Reference # (if applicable): SILV-XX1256 - Title No. 32072944

Additional on page ____

Grantor(s):

1. Seven J's Investments Limited Partnership

Grantee(s)

1. Frontier Bank
2. Pacific NW Title, Trustee

Legal Description: ALL OF PORT WASHINGTON CONDOMINIUM AND
PORTION LOT 10 AND ALL OF LOT 11,
SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS

Additional on page 2

Assessor's Tax Parcel ID#: 8054-000-000-0206; 8054-000-001-0007; 8054-000-002-0006;
8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002
8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006
8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002
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8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002
8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008
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8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008
8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-046-0004
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8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006; 8054-000-078-0005
8054-000-079-0004; 8054-000-080-0001; and 3711-000-010-0002

THIS DEED OF TRUST is dated December 11, 2003, among Seven J's Investments Limited Partnership, whose address is 3812 E McGilvra Street, Seattle, WA 98112; a Washington Limited Partnership ("Grantor"); Frontier Bank, whose mailing address is Silverdale, 10705 Silverdale Way NW, PO Box 3075, Silverdale, WA 98383 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Pacific NW Title, whose mailing address is Po-Box 3607, Silverdale, WA 98383 (referred to below as "Trustee").

DEED OF TRUST
(Continued)

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CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Kitsap County, State of Washington:

See EXHIBIT A, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 1805 Thompson Drive, Bremerton, WA 98337. The Real Property tax identification number is 8054-000-000-0206;

8054-000-001-0007; 8054-000-002-0006;
8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002
8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006
8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002
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8054-000-019-0007; 8054-000-020-0004; 8054-000-021-0003; 8054-000-022-0002
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8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002
8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008
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8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-046-0004
8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007
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8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009
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8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006; 8054-000-078-0005
8054-000-079-0004; 8054-000-080-0001; and 3711-000-010-0002

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agricultural purposes.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

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PACIFIC NW TITLE DT \$31.00 Kitsap Co. WA

**DEED OF TRUST
(Continued)**

Page 3

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, (A) declare immediately due and payable all sums secured by this Deed of Trust or (B) increase the interest rate provided for in the Note or other document evidencing the indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests, or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), lines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or, if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

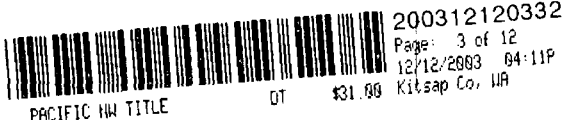
PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged



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(Continued)**

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under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee-simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust; and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice at all Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust, chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

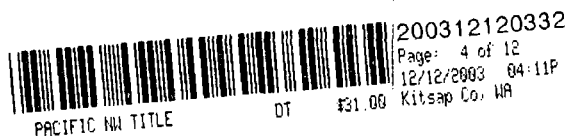
Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Real and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the Security Interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refilled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2)



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the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the indebtedness or perform their respective obligations under this Deed of Trust or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Deed of Trust or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution or termination of Grantor's existence as a going business or the death of any partner, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

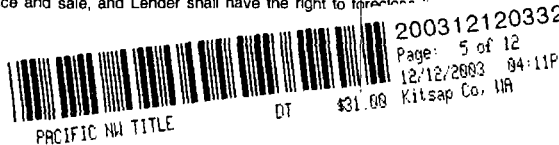
Right to Cure. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate Indebtedness. Lender shall have the right at its option to declare the entire indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose, in either



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case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's instructions) are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Kitsap County, State of Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all



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Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by, construed and enforced in accordance with federal law and the laws of the State of Washington. This Deed of Trust has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Kitsap County, State of Washington.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all indebtedness secured by this Deed of Trust.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Beneficiary. The word "Beneficiary" means Frontier Bank, and its successors and assigns.

Borrower. The word "Borrower" means Seven J's Investments Limited Partnership and includes all co-signers and co-makers signing the Note.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

Grantor. The word "Grantor" means Seven J's Investments Limited Partnership.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

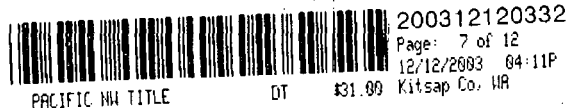
Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lender. The word "Lender" means Frontier Bank, its successors and assigns.

Note. The word "Note" means the promissory note dated December 11, 2003, in the original principal amount of \$1,540,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with



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all issues and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness; provided, that the environmental indemnity agreements are not "Related Documents" and are not secured by this Deed of Trust.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means Pacific NW Title, whose mailing address is: Po Box 3807, Silverdale, WA 98383 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

SEVEN J'S INVESTMENTS LIMITED PARTNERSHIP

By: Mildred G. Johnson
Steve C. Johnson P.O.A.
Mildred G. Johnson, General Partner of Seven J's Investments Limited Partnership

PARTNERSHIP ACKNOWLEDGMENT

STATE OF Washington

COUNTY OF King

On this 11th day of December, 2003, before me, the undersigned Notary Public, personally appeared Mildred G. Johnson of Seven J's Investments Limited Partnership, and personally known to me or proved to me on the basis of satisfactory evidence to be a partner of the partnership that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the partnership by authority of statute or its Partnership Agreement, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the partnership.

By Steve C. Johnson Residing at Bainbridge Island

Notary Public in and for the State of Washington My commission expires 1/18/2006

*Steven C. Johnson as attorney-in-fact of Mildred G. Johnson, general partner *and of said Mildred G. Johnson

REQUEST FOR FULL RECONVEYANCE

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: _____ Beneficiary: _____

By: _____

Its: _____

200312120332
Page: 8 of 12
12/12/2003 04:11P
PACIFIC NW TITLE DT \$31.00 Kitsap Co. WA

EXHIBIT "A"

PARCEL A:

LEASE HOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND APARTMENTS OR MOORAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION.
GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEFEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.

... END OF EXHIBIT "A" ...

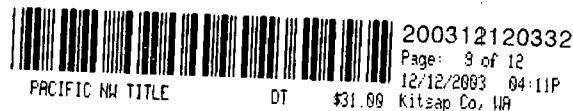


EXHIBIT B

LEASEHOLD DEED OF TRUST RIDER

1. Borrower is the lessee and the State of Washington is the lessor of the following tidelands, to wit (the "Leased Land"):

That portion of the Harbor Area situate in front of government Lots 6 and 7, Section 11, Township 24 North, Range 1 East, W.M., in Kitsap County, Washington, included in a tract described as follows:

Beginning at a point on the Inner Harbor Line, said point also being the Northwest corner of Lot 11, supplemental plat of Bay View Garden Tracts, a recorded plat in said government Lot 7 and running thence along said Inner Harbor Line North 75 degrees 43'57.8" West, a distance of 128.168 feet; thence continuing along said Inner Harbor Line North 69 degrees 38'00" West, a distance 38'00" West, a distance of 148.126 feet; thence continuing along said Inner Harbor Line North 74 degrees 55'00" West, a distance of 334.594 feet; thence continuing along said Inner Harbor Line South 60 degrees 44'00" West, a distance of 126.00 feet; thence continuing along said Inner Harbor Line South 48 degrees 10'00" West, a distance of 125.00 feet; thence North 29 degrees 25'40" East a distance of 403.64 feet to a point on the Outer Harbor line; thence South 74 degrees 00'00" East along said outer harbor line, a distance of 802.403 feet; thence South 16 degrees 00'00" West, a distance of 210.901 feet across the Harbor Area to the Inner Harbor Line; thence North 75 degrees 43'57.8" West, a distance of 132.290 feet to the Point of Beginning as shown on the official maps of Bremerton tidelands on file in the Office of the Commissioner of Public Lands at Olympia, Washington. Also known as Lease No. 22 - 002332.

2. For purposes of the attached Deed of Trust, the term "Property" shall include (i) all right title and interest of Borrower in and to the Leased Land created pursuant to that certain lease from the State of Washington, acting by and through the Department of Natural Resources ("State") as lessor in favor of Borrower as lessee, made and entered into by written Lease (No. 22 - 002332) dated August 1st, 1993, (the "DNR Lease"), which is recorded with the Kitsap County, Washington Auditor under File No. 9307300429, and (ii) all of Borrower's marina, floats, piers, docks, breakwaters and other improvements located thereon. (Borrower hereby authorizes Lender or escrow agent to complete the foregoing blank with the recording number of the of the DNR Lease.)

3. In addition to the terms of the Deed of Trust, Borrower hereby represents, warrants and covenants to Lender as follows:

a. Borrower shall, at its own expense, at all times provide, maintain and keep full force, or cause to be provided, maintained or kept in full force, all bonds and policies of insurance as required by the DNR Lease in form and amounts, and issued by companies, associations or organizations in accordance with the DNR Lease;

LEASEHOLD DEED OF TRUST RIDER - 1 -

Leasehold DOT Rider // 11002.029



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b. Borrower represents and warrants that (i) it holds a good and valid leasehold estate in the DNR Lease, (b) it has authority to grant this Deed of Trust, (c) the DNR Lease is free and clear of all liens and encumbrances whatsoever, and (d) it will warrant and defend title to the DNR Lease against the lawful claims of all persons until all Indebtedness has been satisfied or performed in full.

c. No material default by Borrower as lessee has occurred and is continuing under the DNR Lease and no event has occurred which, with the passage of time or service of notice, or both, would constitute an event of default. The DNR Lease is in full force and effect and all rents and all other charges due and payable under the DNR Lease have been fully paid when due. Borrower is the owner of the entire lessee's interest in the DNR Lease and has the right and authority under the DNR Lease to execute this Rider and to encumber Borrower's interest therein. The DNR Lease has not been amended, modified, extended, renewed, substituted or assigned except as described herein, and Borrower has delivered to Lender a true, accurate and complete copy of the DNR Lease as amended.

d. Borrower shall, at its sole cost and expense, promptly and timely perform and observe all the material terms, covenants and conditions required to be performed and observed by Borrower as lessee under the DNR Lease. If Borrower shall breach the foregoing covenant Borrower grants Lender the right (but not the obligation), upon three days' prior notice to Borrower, to take any action as may be necessary to prevent or cure any default of Borrower under the DNR Lease, and Lender shall have the right to enter all or any portion of the Real Property in order to prevent or to cure any such default. All sums expended by Lender in order to cure any such default shall be paid by Borrower to Lender, upon demand, with interest thereon at the interest rate(s) provided in the Note. All such indebtedness shall be secured by this Rider.

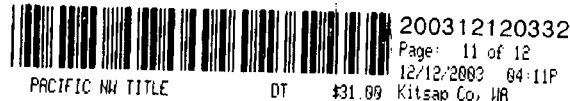
e. Borrower shall notify Lender promptly in writing of the receipt by Borrower of any notice (written or otherwise) from the lessor under the DNR Lease noting or claiming the occurrence of a default by Borrower. Borrower shall deliver to Lender a copy of any such written notice of default.

f. Borrower shall not without Lender's prior written consent, which may be withheld in Lender's sole discretion, surrender, terminate, forfeit or suffer or permit the surrender, termination or forfeiture of the DNR Lease, or change, modify or amend the DNR Lease in a manner that materially adversely affects the rights or benefits of Borrower thereunder. Consent to one amendment change, agreement or modification shall not be deemed to be a waiver of the right to require consent to other, future or successive amendments, changes, agreements or modifications. Any acquisition of any lessor's interest in any of the DNR Lease by Borrower or any affiliate of Borrower shall be accomplished by Borrower in such a manner so as to avoid a merger of the interests of lessor and lessee in such DNR Lease, unless consent to such merger is granted by Lender. If Borrower or any affiliate of Borrower shall acquire fee title to the property subject to any of the DNR Lease, this Deed of Trust shall automatically be a lien on the fee title.

h. To the extent permitted by law, the price payable by Borrower or any other party in the exercise of the right of redemption, if any, from any sale under or decree of

LEASEHOLD DEED OF TR

Leasehold DOT Rider // 11002.0



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foreclosure of this Deed of Trust shall include all rents and other amounts paid and other sums advanced by Lender on behalf of Borrower as the lessee under the DNR Lease.

i. All subleases entered into by Borrower of the DNR Lease (and all such existing subleases modified or amended by Borrower) shall provide that such subleases are, at the option and election of Lender, subordinate to the lien of this Deed of Trust and any extensions, replacements and modifications of this Deed of Trust or the Note, and that if Lender forecloses under this Deed of Trust or enters into a new lease with lessor under the DNR Lease pursuant to the provisions for a new lease, if any, contained therein, then the sublessee shall attorn to Lender or its assignee and the sublease will remain in full force and effect in accordance with its terms notwithstanding the termination of the DNR Lease.

j. A breach or default of Borrower under any condition or obligation contained in the DNR Lease which is not cured within any applicable cure period provided therein will result in and constitute an Event of Default under the Deed of Trust, in which event Lender shall have all of the rights and remedies available to it under the Deed of Trust and the Note.

k. Nothing contained herein shall operate or be construed to obligate Lender to perform any of the terms, covenants and conditions contained in the DNR Lease or otherwise to impose any obligation upon Lender. Prior to actual entry into and taking possession of the Property by Lender in accordance with this Deed of Trust, nothing herein or in any Related Document shall operate to place upon Lender or any Lender any responsibility for the operation, control, care, management or repair of the Property or any portion thereof, and the execution of this Deed of Trust by Borrower shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Property is and shall be that of Borrower, prior to such actual entry and taking of possession.



PACIFIC NW TITLE

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Kitsap Co, WA

LEASEHOLD DEED OF TRUST RIDER - 3 -

Leasehold DOT Rider // 11002.029

Return Name and Address:
AT&T Broadband
ATTN: Mandy Ledbetter
1323 34th Ave E
Fife, WA 98424



COMCAST

ESMT

\$22.00

200304090213

Page: 1 of 4

04/09/2003 02:14P
Kitsap Co, WA

Please print or type information

Document Title(s)

1. Memorandum of Easement —Port Washington Marina
- 3.

Grantor(s)

1. Douglas Faulds
- 2.
- 3.

Grantee(s)

1. TCI Cablevision of Washington, Inc.
- 2.
- 3.

Legal Description (abbreviated: i.e. lot, block, plat OR section, township, range, qtr.)

- S11 T24N R01E

☐ Additional legal is on page 4 of document.

Reference Number(s) (Auditor File Numbers) of Documents assigned or released:

☐ Additional numbers on page _____ of document.

Assessor's Property Tax Parcel/Account Number

3711000010000 and 8054000001000 through 805400007700

☐ Property Tax Parcel ID is not yet assigned.

☐ Additional parcel numbers on page 4 of document.

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information.

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

Attn: Business Services Group
AT&T Broadband
1323 34th Ave. E.
Fife, WA 98424
253-896-3164

EXCISE TAX EXEMPT MAR 13 2003

Exhibit B
GRANT OF EASEMENT

THIS GRANT OF EASEMENT ("Easement") dated JULY 18, 2002, is made pursuant to that certain MDU Broadband Services Agreement dated JULY 18, 2002, by Douglas Faulds, ("GRANTOR"), the fee owner of certain real property located in Kitsap County, Washington, and commonly known as Port Washington Marina and located at 1805 Thompson Dr, Bremerton, Washington (the "Premises"), the legal description of which is attached hereto as Exhibit "A" and incorporated herein by this reference as though fully set forth, to TCI CABLEVISION OF WASHINGTON INC, with offices located at 22025 30th Drive SE, Bothell, WA 98021-4444, ("GRANTEE") for good and valuable consideration, the adequacy and receipt of which are hereby acknowledged.

A. GRANT OF EASEMENT AND ACCESS RIGHTS. GRANTOR, on behalf of itself, its successors and assigns, hereby grants and conveys to GRANTEE, its successors and assigns, a non-exclusive Easement in gross on, over, under, within, and through the Premises (both land and improvements) as necessary or desirable for: (i) the routing and installation of, in accordance with mutually approved plans, the Facilities (as defined in the MDU Broadband Service Agreement), (ii) the maintenance, service, use, removal and operation of such Facilities, and (iii) the marketing and provision of the Services to the Residents of the Premises, together with rights of access, ingress and egress on and over the Premises as necessary for the use and enjoyment of the Easement herein granted. In addition, GRANTEE shall have the right to construct and install (in accordance with the Plans as set forth below) and use any cabling, wiring, (including home-run cable wiring and telephony inside wiring), power supplies, risers, conduits, distribution wiring and facilities, cross-connect facilities and/or distribution frames, and any rights of way and entrance facilities within and into the Premises and all buildings thereon, as necessary or useful, or which may become necessary or useful, for the provision of Services to the Residents, whether owned, installed, controlled or maintained by GRANTEE or not. ~~GRANTOR hereby also grants GRANTEE the right to install on the roof of any building on the Premises an antenna or other equipment, as necessary for the provision of Services to the Residents, together with any wiring or cabling from the antenna to the rest of the Facilities.~~ GRANTOR agrees that GRANTEE may from time to time enter into various agreements or arrangements with its approved assignees, designees, agents or authorized vendors (collectively "Agents") and access to the Premises granted by GRANTOR pursuant to this Section will extend to such Agents. GRANTOR will provide GRANTEE's employees and Agents access to necessary portions of the Premises not readily accessible upon reasonable notice to perform installation and maintenance functions. In the event of an outage or other emergency, GRANTOR will provide access to necessary portions of the Premises twenty-four (24) hours a day, seven (7) days a week so that GRANTEE may perform emergency repairs. GRANTEE will be allowed access to a residential unit by GRANTOR only with the Resident present. The Easement hereby granted, and the covenants and agreements provided herein, shall run with the land and the burden upon the applicable Premises shall bind GRANTOR, and each and every subsequent owner thereof, for the Term of this Agreement.

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Page: 2 of 4
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Kitsap Co. WA

B. TERM OF EASEMENT. This easement shall commence on the date appearing in the first paragraph hereof and shall continue for an initial period of ten (10) years. Thereafter, this easement shall be automatically renewed for consecutive terms of one (1) year each, unless otherwise terminated by the parties as set forth in the Agreement.

The notice of termination of the easement will be deemed to have been properly given, served and received only as follows: (i) if delivered by messenger, when delivered (ii) if delivered by a reputable overnight express courier, freight prepaid, when delivered or (iii) if mailed by deposit in the United States Mail, certified or registered, postage prepaid, return receipt requested, when received or refused.

C. WARRANTIES. GRANTOR and the individual(s) signing for GRANTOR, represents and warrants that he/she/it has full power and authority to execute this Grant of Easement, and that any and all necessary corporate and/or partnership action authorizing same has been taken.

EXECUTED on this 18 day of JULY, 2002

Grantor: Douglas Faulds

By: _____

Name: DOUGLAS FAULDS
(Print or type)

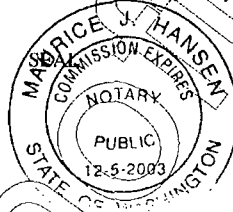
Title: OWNER

STATE OF WASHINGTON

COUNTY OF Snohomish

On this 18th day of JULY, 2002, before me personally appeared DOUGLAS FAULDS to me personally known, who being duly sworn, did say that he/she signed the foregoing instrument and that said instrument was signed and sealed on behalf of DOUGLAS FAULDS in his/her capacity as _____ and acknowledged said instrument to be the free act and deed of DOUGLAS FAULDS.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed by official seal in the County and State aforesaid, the day and year first above written.



Notary Public: _____

My Commission Expires: 12-5-2003



GRANT OF EASEMENT
Exhibit A
LEGAL DESCRIPTION OF PREMISES

Quarter, Quarter, Section, Township and Range: 11-24N-01E

Parcel or Tax Account Number(s): 371100001000⁶² and 805400000100⁰⁷ through 805400007700

[Enter Legal Description of Premise Here]

Plat Name:

PARCEL A:

LEASEHOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND ALSO A LEASEHOLD ESTATE IN APARTMENT OR MOORAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION.

GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEFEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

THE POST OFFICE ADDRESS IS 1805 THOMPSON DRIVE, BREMERTON, WA 98310.

PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.



CONCRST

ESMT

\$22.00 Kitsap Co, WA

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Page: 4 of 4
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Recording Requested By And
When Recorded Mail To:
FRONTIER BANK
P.O. BOX 1650
SUMNER, WA 98390



PACIFIC NW TITLE

DT

\$17.00

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Page: 1 of 18
09/30/1999 03:11P
Kitsap Co, WA

RECORDING COVERSHEET
DOCUMENT TITLE: DEED OF TRUST

32050580
Reference number(s) of related documents:
on page of document.

Grantor(s): (Last, First, Middle Initial)
1. FAULDS, DOUGLAS AND ERNST, DONNA
Grantee(s): (Last, First, Middle Initial)
1. FRONTIER BANK
2. PACIFIC NORTHWEST TITLE

Legal Description:
1. ALL OF PORT WASHINGTON CONDOMINIUM, PORTION OF LOT 10, ALL OF LOT 11,
SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS
2. Additional legal description is on page 2 of document.

Assessor's Property Tax Parcel Account Number(s):

1. SEE BELOW
"8054 000 000 00" "8054 000 049 00" "8054 000 031 00" And
"8054 000 000 01" "8054 000 050 00" "8054 000 032 00" 3711 000 010 0002
"8054 000 000 02" "8054 000 051 00" "8054 000 033 00"
"8054 000 001 00" "8054 000 052 00" "8054 000 034 00"
"8054 000 002 00" "8054 000 053 00" "8054 000 035 00"
"8054 000 003 00" "8054 000 054 00" "8054 000 036 00"
"8054 000 004 00" "8054 000 055 00" "8054 000 037 00"
"8054 000 005 00" "8054 000 056 00" "8054 000 038 00"
"8054 000 006 00" "8054 000 057 00" "8054 000 039 00"
"8054 000 007 00" "8054 000 058 00" "8054 000 040 00"
"8054 000 008 00" "8054 000 059 00" "8054 000 041 00"
"8054 000 009 00" "8054 000 060 00" "8054 000 042 00"
"8054 000 010 00" "8054 000 061 00" "8054 000 043 00"
"8054 000 011 00" "8054 000 062 00" "8054 000 044 00"
"8054 000 012 00" "8054 000 063 00" "8054 000 045 00"
"8054 000 013 00" "8054 000 064 00" "8054 000 046 00"
"8054 000 014 00" "8054 000 065 00" "8054 000 047 00"
"8054 000 015 00" "8054 000 066 00" "8054 000 048 00"
"8054 000 016 00" "8054 000 067 00"
"8054 000 017 00" "8054 000 068 00"
"8054 000 018 00" "8054 000 069 00"
"8054 000 019 00" "8054 000 070 00"
"8054 000 020 00" "8054 000 071 00"
"8054 000 021 00" "8054 000 072 00"
"8054 000 022 00" "8054 000 073 00"
"8054 000 023 00" "8054 000 074 00"
"8054 000 024 00" "8054 000 075 00"
"8054 000 025 00" "8054 000 076 00"
"8054 000 026 00" "8054 000 077 00"
"8054 000 027 00" "8054 000 078 00"
"8054 000 028 00" "8054 000 079 00"
"8054 000 029 00" "8054 000 080 00"
"8054 000 030 00"

RETURN ADDRESS:

FRONTIER BANK
801 ALDER
SUMNER, WA 98390

32050580

DEED OF TRUST

Reference # (if applicable): 6719405919

Additional on page _____

Grantor(s):

1. FAULDS, DOUGLAS
2. ERNST, DONNA

Grantee(s)/Assignee/Beneficiary:

FRONTIER BANK, Beneficiary
PACIFIC NORTHWEST TITLE, Trustee

Legal Description: All of Port Washington Condominium, Portion Lot 10, all of
Eot 11 supplemental plat of Bay View Gardens Tracts. Additional on page 2

Assessor's	Tax	Parcel	ID#:
3711-000-010-0002/8054			
0002.007-0001.008-0000.009-0009.010-0006.011-0005.012-0004.013-0003.014-0002.01			
1.016-0000.017-0009.018-0008.019-0007.020-0004.021-0003.022-0002.023-0001.024-0000.			
25-0009.026-0008.027-0007.028-0006.029-0005.030-0002.031-0001.032-0000.033-0009.034			
0008.035-0007.036-0006.037-0005.038-0004.039-0003.040-0000.041-0009.042-0008.043-00			
7.044-0006.045-0005.046-0004.047-0003.048-0002.049-0001.050-0007.051-0006.052-0005.			
53-0004.054-0003.055-0002.056-0001.057-0000.058-0009.059-0008.060-0005.061-0004.062			
0003.063-0002.064-0001.065-0000.066-0009.067-0008.068-0007.069-0006.070-0003.071-00			
2.072-0001.073-0000.074-0009.075-0008.076-0007.077-0006.078-0005.079-0004.080-0001.			
00-0206.			

THIS DEED OF TRUST IS DATED SEPTEMBER 23, 1999, among DOUGLAS FAULDS and DONNA ERNST, WITH TITLE TO VEST AS FOLLOWS: THE STATE OF WASHINGTON AS TO PARCEL A AND DOUGLAS FAULDS AND DONNA ERNST AS THEIR RESPECTIVE SEPARATE ESTATES AS TO PARCEL B, whose mailing address is 1530 9TH AVE N, EDMONDS, WA 98020 (referred to below as "Grantor"); FRONTIER BANK, whose mailing address is 801 ALDER, SUMNER, WA 98390 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and PACIFIC NORTHWEST TITLE (referred to below as "Trustee").



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09/30/1999 03:11P
Kitsap Co, WA

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in KITSAP County, State of Washington (the "Real Property"):

PARCEL A:

LEASEHOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND ALSO A LEASEHOLD ESTATE IN APARTMENT OR MOORAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION. GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEFEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

THE POST OFFICE ADDRESS IS 1805 THOMPSON DRIVE, BREMERTON, WA 98310.

PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.

1805 Thompson Dr.

The Real Property or its address is commonly known as ~~510 WASHINGTON~~, BREMERTON, WA 98020. The Real Property tax identification number is

3711-000-010-0002/8054-000-001-0007,002-0006,003-0005,004-00
9,010-0006,011-0006,012-0004,013-0003,014-0002,015-0001,016-0000,017-0009,018-0008,019-0007,020-0004,021-
3,022-0002,023-0001,024-0000,025-0009,026-0008,027-0007,028-0006,029-0005,030-0002,031-0001,032-0000,033-00
9,034-0008,035-0007,036-0006,037-0005,038-0004,039-0003,040-0000,041-0009,042-0008,043-0007,044-0006,045-00
5,046-0004,047-0003,048-0002-049-0001,050-0007,051-0006,052-0005,053-0004,054-0003,055-0002,056-0001,057-00
00,058-0009,059-0008,060-0005,061-0004,062-0003,063-0002,064-0001,065-0000,066-0009,067-0008,068-0007,069-
08,070-0003,071-0002,072-0001,073-0000,074-0009,075-0008,076-0007,077-0006,078-0005,079-0004,080-0001,000-0
06.

Grantor hereby assigns as security to Lender, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 65.08.070; the lien created by this assignment is intended to be specific, perfected and choate upon the recording of this Deed of Trust. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust. Terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Beneficiary. The word "Beneficiary" means FRONTIER BANK, its successors and assigns. FRONTIER BANK also is referred to as "Lender" in this Deed of Trust.



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Kitsap Co, WA

DEED OF TRUST
(Continued)

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described below in the Existing Indebtedness section of this Deed of Trust.

Grantor. The word "Grantor" means any and all persons and entities executing this Deed of Trust, including without limitation DOUGLAS FAULDS and DONNA ERNST.

Guarantor. The word "Guarantor" means and includes without limitation any and all guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Trustee or Lender to enforce obligations of Grantor under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust. This Deed of Trust secures, in addition to the amounts specified in the Note, future advances in an unlimited amount, together with all interest thereon, which future advances Lender is obligated to make so long as Grantor complies with all the terms and conditions of the Note or other loan agreement. **The lien of this Deed of Trust shall not exceed at any one time \$72,000.00.**

Lender. The word "Lender" means FRONTIER BANK, its successors and assigns.

Note. The word "Note" means the Note dated September 23, 1999, in the original principal amount of \$927,000.00 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all issues and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Conveyance and Grant" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means PACIFIC NORTHWEST TITLE and any substitute or successor trustees.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon default). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agricultural purposes.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Deed of Trust, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or



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other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the properties. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), soil, gravel or rock products without the prior written consent of Lender.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without the prior written consent of Lender. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and its agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Grantor's compliance with the terms and conditions of this Deed of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or entities of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, (a) declare immediately due and payable all sums secured by this Deed of Trust or (b) increase the interest rate provided for in the Note or other document evidencing the indebtedness and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property of any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Deed of Trust.

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due, except for the existing indebtedness referred to below, and except as otherwise provided in this Deed of Trust.

Right To Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days' prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor



agrees to obtain and maintain Federal Flood Insurance for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at its election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Deed of Trust at any trustee's sale or other sale held under the provisions of this Deed of Trust, or at any foreclosure sale of such Property.

Compliance with Existing Indebtedness. During the period in which any Existing Indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions under this Deed of Trust, to the extent compliance with the terms of this Deed of Trust would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Deed of Trust for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Deed of Trust, including any obligation to maintain Existing Indebtedness in good standing as required below, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate provided for in the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand; (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust.

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lender under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

EXISTING INDEBTEDNESS. The following provisions concerning existing indebtedness (the "Existing Indebtedness") are a part of this Deed of Trust.

Existing Lien. The lien of this Deed of Trust securing the Indebtedness may be secondary and inferior to an existing lien. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

Default. If the payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the note evidencing such indebtedness, or should a default occur under the instrument securing such indebtedness and not be cured during any applicable grace period therein, then, at the option of Lender, the Indebtedness secured by this Deed of Trust shall become immediately due and payable, and this Deed of Trust shall be in default.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Deed of Trust by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Lender.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented



in the proceeding by counsel of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments as may be requested by it from time to time to permit such participation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Deed of Trust:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (c) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default (as defined below), and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (a) pays the tax before it becomes delinquent, or (b) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust.

Security Agreement. This instrument shall constitute a security agreement to the extent any of the Property constitutes fixtures or other personal property, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party), from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code), are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust.

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (a) the obligations of Grantor under the Note, this Deed of Trust, and the Related Documents, and (b) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or agreed to the contrary by Lender in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness, including without limitation all future advances, when due, terminates the line of credit, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee shall be paid by Grantor, if permitted by applicable law. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Deed of Trust:

Default on Indebtedness. Failure of Grantor to make any payment when due on the indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Compliance Default. Failure of Grantor to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by or on behalf of Grantor under this Deed of Trust, the Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

Defective Collateralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral documents to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The death of any Grantor or the dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Foreclosure, Forfeiture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding.



provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness. Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender; and, in doing so, cure the Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Existing Indebtedness. A default shall occur under any Existing Indebtedness or under any instrument on the Property securing any Existing Indebtedness, or commencement of any suit or other action to foreclose any existing lien on the Property.

Right to Cure. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within ten (10) days; or (b) if the cure requires more than ten (10) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Trustee or Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option to declare the entire Indebtedness immediately due and payable, including any prepayment penalty which Grantor would be required to pay.

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of and manage the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (a) pay a reasonable rental for the use of the Property, or (b) vacate the Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Waiver; Election of Remedies. A waiver by any party of a breach of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy provided in this Deed of Trust, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust after failure of Grantor to perform shall not affect Lender's right to declare a default and to exercise any of its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and on any appeal. Whether or not any court action is involved, all reasonable expenses incurred by Lender which in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees whether or not there is a lawsuit, including attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee



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(pursuant to Lender's instructions) are part of this Deed of Trust.

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of KITSAP County, Washington. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES TO GRANTOR AND OTHER PARTIES. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice under this Deed of Trust shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. For notice purposes, Grantor agrees to keep Lender and Trustee informed at all times of Grantor's current address.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust:

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Applicable Law. This Deed of Trust has been delivered to Lender and accepted by Lender in the State of Washington. This Deed of Trust shall be governed by and construed in accordance with the laws of the State of Washington.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Multiple Parties. All obligations of Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Deed of Trust.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Deed of Trust in all other respects shall remain valid and enforceable.

Successors and Assigns. Subject to the limitations stated in this Deed of Trust on transfer of Grantor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Deed of Trust or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waivers and Consents. Lender shall not be deemed to have waived any rights under this Deed of Trust (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Deed of Trust shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Washington as to all indebtedness secured by this Deed of Trust.



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EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

x [Signature]
DOUGLAS FAULDS

x [Signature]
DONNA ERNST

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Washington)
COUNTY OF Snohomish) ss

On this day before me, the undersigned Notary Public, personally appeared DOUGLAS FAULDS and DONNA ERNST, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals described in and who executed the Deed of Trust, and acknowledged that they signed the Deed of Trust as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Given under my hand and official seal this 23 day of September, 19 99.

By [Signature]
Notary Public in and for the State of Wash

Residing at [Signature]
My commission expires 11-1-2001

REQUEST FOR FULL RECONVEYANCE

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. You are hereby requested, upon payment of all sums owing to you, to reconvey without warranty, to the persons entitled thereto, the right, title and interest now held by you under the Deed of Trust.

Date: _____ Beneficiary: _____
By: _____
Its: _____

LASER PRO, Reg. U.S. Pat. & T.M. Off., Ver. 3.27a (c) 1999 CFI ProServices, Inc. All rights reserved. [WA-G01 E3.27 F3.27 P3.27 FAULDS.LN]



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RETURN TO:

PACIFIC NW TITLE

DEED \$23.00 Kitsap Co, WA

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP
3812 EAST MCGILVRA ST
SEATTLE, WA 98112

STATUTORY WARRANTY DEED

32072944
Reference # (if applicable) _____

Grantor(s): DOUGLAS FAULDS
Additional on Page: DONNA ERNST

Grantee(s): SEVEN JS INVESTMENTS LIMITED PARTNERSHIP
Additional on Page: _____

Abbreviated Legal Description: ALL OF PORT WASHINGTON CONDO; PTN LOT 10; ALL
Additional on Page: LOT 11, SUPPL PLAT BAY VIEW GARDEN TRACTS

Assessor's Tax Parcel ID# 8054-000-000-0206; 3711-000-010-0002
additional on attached schedule

THE GRANTOR DOUGLAS FAULDS and DONNA ERNST, Husband and Wife

for and in consideration of TEN DOLLARS AND OTHER VALUABLE CONSIDERATION AND AS PART OF
AN IRC SECTION 1031 TAX DEFERRED EXCHANGE

In hand paid, conveys and warrants to SEVEN JS INVESTMENTS LIMITED PARTNERSHIP, a
Washington limited partnership

the following described real estate, situated in the County of KITSAP State of Washington:
SEE EXHIBIT "A" ATTACHED HERETO AND A PART HEREOF
SUBJECT TO: SEE EXHIBIT "B" ATTACHED HERETO.
NOTE: A SEPARATE NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE WITH THE STATE
OF WASHINGTON, DEPARTMENT OF NATURAL RESOURCES, WILL BE FILED AS TO PARCEL A.

KITSAP COUNTY TREASURER EXCISE

12/12/2003

2003EX11628

Total : \$18999.72

Clerk's Initial

Dated: December 10, 2003

DOUGLAS FAULDS
DONNA ERNST

NOTARY PAGE

STATE OF WASHINGTON }
 } ss.
County of KING }

I hereby certify that I know or have satisfactory evidence that DOUGLAS FAULDS AND DONNA ERNST

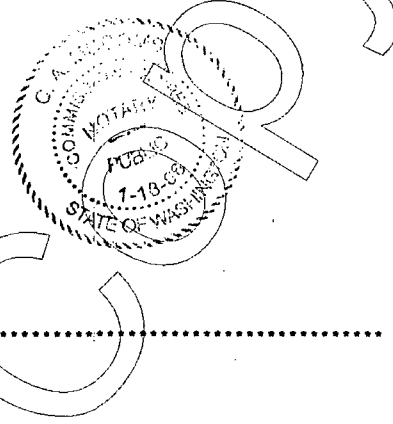
is the person(s) who appeared before me, and said person(s) acknowledged that (he, she, they) signed this instrument and acknowledged it to be (his, her, their) free and voluntary act for the uses and purposes mentioned in this instrument.

Dated: December 11 2003

Came Combs
Notary Public in and for the State of Washington

C. A. McComb
Printed Name

Residing at Bainbridge Island
My appointment expires 1-18-2006



STATE OF WASHINGTON }
 } ss.
County of _____ }

I hereby certify that I know or have satisfactory evidence that _____

is the person(s) who appeared before me, and said person(s) acknowledged that (he, she, they) signed this instrument, on oath stated that _____
authorized to execute the instrument and acknowledge it as the _____
of _____ to be the free and voluntary
act of such party for the uses and purposes mentioned in this instrument.

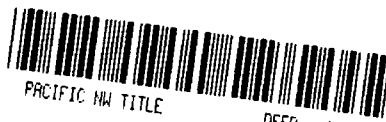
Dated: _____

Notary Public in and for the State of Washington

Printed Name

Residing at

My appointment expires



PACIFIC NW TITLE

DEED

\$23.00

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EXHIBIT "B"

1. EASEMENT FOR MAINTENANCE OPERATION OF PRESENT WATER MAIN THROUGH AND OVER SAID PREMISES AS AT PRESENT ESTABLISHED AND SUBJECT FURTHER TO AN EASEMENT OVER ANY ROAD CONSTRUCTED ON SAID PREMISES TO THE WATERFRONT WITHOUT CHARGE, AS CREATED BY INSTRUMENT DATED FEBRUARY 5, 1956, RECORDED MAY 20, 1946, UNDER AUDITOR'S FILE NO. 427818
2. ACCES AND PARKING EASEMENT RECORDED NOVEMBER 13, 1983, UNDER AUDITOR'S FILE NO. 8111130031
3. EASEMENT FOR UNDERGROUND ELECTRIC DISTRIBUTION SYSTEM AFFECTING PARCEL B, RECORDING NO. 8309260037
4. DECLARATION OF PUBLIC PEDESTRIAN ACCESS EASEMENT UNDER AUDITOR'S FILE NOS 8312020186 AND 8312290198
5. AGREEMENT BETWEEN CITY OF BREMERTON AND PORT WASHINGTON PROPERTIES, INC. RECORDING NO. 8312220078
6. EASEMENT TO LAY, OPERATE AND MAINTAIN WATER UTILITIES IN FAVOR OF CITY OF BREMERTON, RECORDING NO. 8312220079
7. EASEMENT SET FORTH ON SURVEY RECORDED UNDER AUDITOR'S NO. 8406150188
8. RESTRICTIONS CONTAINED IN CITY OF BREMERTON ORDINANCE NO. 3682, RECORDED UNDER AUDITOR'S NO. 8203220039 AND 8304050072
9. COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS IN DECLARATION OF RESTRICTIONS, RECORDING NO. 8312290195, 8312290196, 8312290197
10. CONDOMINIUM DECLARATION AND AMENDMENTS, RECORDING NO. 8312290200
11. ANY QUESTION THAT MAY ARISE AS TO LOCATION OF LATERAL BOUNDARIES OF THE TIDELANDS OR SHORELANDS DESCRIBED THEREIN
12. ANY PROHIBITION OF OR LIMITATION OF USE, OCCUPANCY OR IMPROVEMENT OF THE LAND RESULTING FROM RIGHTS OF THE PUBLIC OR RIPARIAN OWNERS TO USE ANY PORTION WHICH IS NOW OR HAS BEEN FORMERLY COVERED BY WATER
13. ANY CLAIM OF RIGHT, TITLE OR INTEREST WHICH MAY BE ASSERTED BY THE STATE OF WASHINGTON OR THE PUBLIC TO THE BEACHES OR ACCRETIONS TO THE UPLANDS
14. PARAMOUNT RIGHTS AND EASEMENTS IN FAVOR OF THE UNITED STATES FOR COMMERCE, NAVIGATION, FISHERIES AND THE PRODUCTION OF POWER AFFECTING TIDELANDS
15. ANY LIEN OR LIENS THAT MAY ARISE OR BE CREATED IN CONSEQUENCE OF OR PURSUANT TO AN ACT OF THE LEGISLATURE OF THE STATE OF WASHINGTON RE NAVIGABLE WATERWAYS APPROVED MARCH 9, 1983
16. EASEMENT IN FAVOR OF TCI CABLEVISION OF WASHINGTON INC, RECORDING NO. 200304090213
17. TERMS, CONDITIONS OF AQUATIC LANDS LEASE NO. 22-002332 WITH STATE OF WASHINGTON AS LESSOR AND PORT WASHINGTON MARINA CONDOMINIUM OWNERS ASSOCIATION AS LESSEE RECORDED UNDER RECORDING NO. 9307300429, WHICH GRANTOR ASSIGNS ALL RIGHT, TITLE AND INTEREST IN AND TO SUBJECT TO TERMS AND CONDITIONS OF NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE TO BE FILED SUBSEQUENT TO THE FILING OF THIS CONVEYANCE ASSIGNMENT



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DEED \$23.00

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EXHIBIT "A"

PARCEL A:

LEASE HOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND APARTMENTS OR MOORAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN. PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION. GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEFEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.

... END OF EXHIBIT "A" ...



PACIFIC NW TITLE

DEED

\$23.00

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Assessor's Tax Parcel ID#: 8054-000-000-0206; 8054-000-001-0007; 8054-000-002-0006;
8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002
8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006
8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002
8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008
8054-000-019-0007; 8054-000-020-0004; 8054-000-021-0003; 8054-000-022-0002
8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008
8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002
8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008
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8054-000-071-0002; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009
8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006; 8054-000-078-0005
8054-000-079-0004; 8054-000-080-0001; and 3711-000-010-0002

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You searched for: ParcelID = 37110000100002

6 items found, displaying all items:1

Description	Summary	Add All to My Images
Deed Of Trust 3210845	Rec Date: 09/30/1999 03:11:00 PM BookPage: Related: Number Pages: 10 Grantor: FAULDS DOUGLAS, ERNST DONNA Grantee: FRONTIER BANK, PACIFIC NW TITLE Remarks: Legal: Subdivision: BAY VIEW GARDEN TRT SUP Parcel: 3711000010..., ...	Add to My Images
Easement 200304090213	Rec Date: 04/09/2003 02:14:00 PM Excise#: EX BookPage: Related: Number Pages: 4 Grantor: FAULDS DOUGLAS Grantee: TCI CABLEVISION OF WA INC Remarks: Legal: Subdivision: PORT WASHINGTON MARINA Lot: 1-80 Section: 11..., ...	Add to My Images
Deed 200312120331	Rec Date: 12/12/2003 04:11:00 PM Excise#: 0311628 BookPage: Related: Number Pages: 5 Grantor: FAULDS DOUGLAS, ERNST DONNA Grantee: SEVEN JS INVESTMENTS LTD PS Remarks: Legal: Subdivision: PORT WASHINGTON MARINA Lot: 10 Parcel: 371..., ...	Add to My Images
Deed Of Trust 200312120332	Rec Date: 12/12/2003 04:11:00 PM BookPage: Related: Number Pages: 12 Grantor: SEVEN JS INVESTMENTS LTD PTNR Grantee: FRONTIER BANK, PACIFIC NW TITLE Remarks: Legal: Subdivision: BAY VIEW GARDEN TRT Lot: 10 Parcel: 805400..., ...	Add to My Images
Assignment Of Rent 200312120333	Rec Date: 12/12/2003 04:11:00 PM BookPage: Related: Number Pages: 7 Grantor: SEVEN JS INVESTMENTS LTD PS Grantee: FRONTIER BANK Remarks: Legal: Subdivision: BAY VIEW GARDEN TRT Lot: 10 Parcel: 805400..., ...	Add to My Images
Uniform Comm Code 200312120334	Rec Date: 12/12/2003 04:11:00 PM BookPage: Related: 32072944 Number Pages: 2 Grantor: SEVEN JS INVESTMENTS LTD PS Grantee: FRONTIER BANK Remarks: Legal: Subdivision: BAY VIEW	Add to My Images

GARDEN TRT Lot: 10 Parcel:
805400..., ...

6 items found, displaying all items.1

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Sales History

Tax Account No.

Process No.

Situs Address

3711-000-010-0002

1423110

1805 THOMPSON DR

Sale Date:	Sale Price:	Excise Number:	Instrument:	Screening Code:
11-DEC-03	1067400	2003EX11628	W	L
29-JUL-93	10000	199305938	W	V
28-JAN-93	0	199300770	D	5
30-DEC-85	5000	198507417	Q	Q
01-JUN-83	210000	198303871	W	L
01-JAN-76	20500	197600076	R	3

Corporations: Registration Detail

Corporations Division - Registration Data Search

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PORT WASHINGTON MARINA CONDOMINIUM OWNER'S ASSOCIATION

UBI Number	602303193
Category	REG
Profit/Nonprofit	Nonprofit
Active/Inactive	Active
State Of Incorporation	WA
WA Filing Date	06/11/2003
Expiration Date	06/30/2011
Inactive Date	
Registered Agent Information	
Agent Name	Steven Johnson
Address	6814 152nd St Ct NW
City	GIG HARBOR
State	WA
ZIP	98332
Special Address Information	
Address	PO Box 687
City	BURLEY

State	WA
Zip	98322

Governing Persons

Title	Name	Address
President	JOHNSON, STEVEN	PO BOX 687 BURLEY, WA
Vice President	JOHNSON, GAIL	PO BOX 687 BURLEY, WA

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